#### FEDERAL RESERVE SYSTEM

## National City Corporation Cleveland, Ohio

Order Approving the Acquisition of a Bank Holding Company

National City Corporation ("National City"), a financial holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire Wayne Bancorp, Inc., Wooster ("Wayne"), and its subsidiary banks, The Wayne County National Bank of Wooster, Wooster ("Wayne Bank"), and Savings Bank & Trust ("SB&T"), Wadsworth, all in Ohio. National City also has requested the Board's approval under sections 4(c)(8) and 4(j) of the BHC Act and section 225.28(b)(1) of the Board's Regulation Y to acquire a nonbanking subsidiary of Wayne and thereby engage in permissible lending activities (12 U.S.C. §§ 1843(c)(8) and 1843(j); 12 C.F.R. 225.28(b)(1)).

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (69 Federal Register 34,675 (2004)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act.

National City, with total consolidated assets of \$130.7 billion, is the ninth largest depository organization in the United States, controlling \$88.3 billion in deposits, which represents approximately 1.4 percent of the total amount of deposits of insured depository institutions in the United States.<sup>1</sup> National City is

<sup>&</sup>lt;sup>1</sup> Total asset and deposit data are as of March 31, 2004; nationwide ranking data are as of December 31, 2003; and statewide deposit and ranking data are as of June 30, 2003. Data reflect subsequent merger activity through August 11, 2004.

the largest depository organization in Ohio, controlling \$34 billion in deposits, which represents approximately 16.1 percent of the total amount of deposits of insured depository institutions in the state ("state deposits"). National City also operates subsidiary insured depository institutions in Illinois, Indiana, Kentucky, Michigan, Missouri, and Pennsylvania.

Wayne, with total consolidated assets of approximately \$812.2 million, is the 16<sup>th</sup> largest depository organization in Ohio, controlling \$689.8 million in deposits, which represents less than 1 percent of state deposits. Wayne operates subsidiary insured depository institutions only in Ohio.

On consummation of this proposal, National City would remain the ninth largest depository organization in the United States, with total consolidated assets of approximately \$131.5 billion, and would control approximately 1.5 percent of the total amount of deposits of insured depository institutions in the United States.<sup>2</sup> National City would remain the largest depository organization in Ohio, controlling approximately \$34.7 billion in deposits, which represents approximately 16.5 percent of state deposits. Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or that would further any attempt to monopolize the business of banking in any relevant banking market. It also

prohibits the Board from approving a proposal that would substantially lessen

<sup>&</sup>lt;sup>2</sup> The data for National City include consummations of proposals by National City to acquire Allegiant Bancorp, Inc., St. Louis, Missouri ("Allegiant proposal"), which the Board approved on March 15, 2004; and Provident Financial Group, Inc., Cincinnati, Ohio ("Provident proposal"), which the Board approved on June 8, 2004. See National City Corporation, 90 Federal Reserve Bulletin 236 (2004) ("Allegiant Order"); National City Corporation, 90 Federal Reserve Bulletin (2004) (Order dated June 8, 2004) ("Provident Order").

competition in any relevant banking market unless the anticompetitive effects of the proposal clearly are outweighed in the public interest by its effect in meeting the convenience and needs of the community to be served.<sup>3</sup>

National City and Wayne compete directly in the Akron, Canton, Cleveland, and Dover-New Philadelphia banking markets, all in Ohio.<sup>4</sup> The Board has reviewed carefully the competitive effects of the proposal in each of these banking markets in light of all the facts of record. In particular, the Board has considered the number of competitors that would remain in the markets, the relative shares of total deposits in depository institutions in the markets ("market deposits") controlled by National City and Wayne,<sup>5</sup> the concentration level of market deposits and the increase in this level as measured by the Herfindahl-Hirschman Index ("HHI") under the Department of Justice Merger Guidelines ("DOJ Guidelines"),<sup>6</sup> and other characteristics of the markets.

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<sup>&</sup>lt;sup>3</sup> 12 U.S.C. § 1842(c)(1).

<sup>&</sup>lt;sup>4</sup> These banking markets are described in Appendix A.

Market share data are as of June 30, 2003, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386 (1989); National City Corporation, 70 Federal Reserve Board 743 (1984). Thus, the Board regularly has included thrift deposits in the market share calculation on a 50 percent weighted basis. See, e.g., First Hawaiian, Inc., 77 Federal Reserve Bulletin 52 (1991).

<sup>&</sup>lt;sup>6</sup> Under the DOJ Guidelines, 49 <u>Federal Register</u> 26,823 (1984), a market is considered moderately concentrated if the post-merger HHI is between 1000 and 1800 and highly concentrated if the post-merger HHI is more than 1800. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the

Consummation of the proposal would be consistent with Board precedent and the DOJ Guidelines in each of these banking markets.<sup>7</sup> After consummation, the Akron, Canton, and Dover-New Philadelphia banking markets would remain moderately concentrated, and the Cleveland banking market would remain highly concentrated. The change in market shares would be small and numerous competitors would remain in all these banking markets.

The Department of Justice also has conducted a detailed review of the proposal's competitive effects and has advised the Board that consummation of the proposal would not have a significantly adverse effect on competition in any relevant banking market. The appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on these and all other facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of banking resources in the four banking markets discussed above or in any other relevant banking market and that competitive considerations relating to this proposal are consistent with approval. Financial, Managerial, and Supervisory Considerations

Section 3 of the BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and depository institutions involved in the proposal and certain other supervisory factors. The Board has carefully considered these factors in light of all the facts of record,

merger increases the HHI by more than 200 points. The Department of Justice has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effects of limited-purpose lenders and other nondepository financial institutions.

<sup>&</sup>lt;sup>7</sup> The effects of the proposal on the concentration of banking resources in the banking markets are described in Appendix B.

including reports of examination, other confidential supervisory information received from the primary federal banking agency that supervises each institution, publicly reported and other financial information, and information provided by National City.

National City is well capitalized and will remain so on consummation of the proposal. Moreover, National City has indicated that the transaction would be funded from available liquid resources.

The Board also has considered the managerial resources of National City and Wayne and the banks to be acquired, including the assessments of management by the relevant bank supervisory agencies and the organizations' records of compliance with applicable banking laws. In addition, the Board has reviewed the examination records of National City, Wayne, and their subsidiary depository institutions, including assessment of their risk management systems. The Board also has considered National City's plans to integrate Wayne and its subsidiaries after consummation of the proposal and the proposed management of the resulting organization.

Based on all the facts of record, the Board has concluded that considerations relating to the financial and managerial resources and future prospects of National City, Wayne, Wayne Bank, and SB&T are consistent with approval, as are the other supervisory factors under the BHC Act.

#### Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board is required to consider the effects of the proposal on the convenience and needs of the communities to be served and to take into account the records of the relevant insured depository institutions under the Community Reinvestment Act ("CRA").<sup>8</sup>

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<sup>&</sup>lt;sup>8</sup> 12 U.S.C. § 2901 <u>et seq.</u>

The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation, and requires the appropriate federal financial supervisory agency to take into account an institution's record of meeting the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansionary proposals.

The Board has considered carefully the convenience and needs factor and the CRA performance records of the subsidiary banks of National City and Wayne in light of all the facts of record, including a public comment received on the proposal. The Board recently considered the convenience and needs factor in National City's proposals to acquire Allegiant and Provident. In those proposals, the Board conducted detailed reviews of the CRA performance records of the insured depository institutions controlled by National City and the lending records of all of National City's subsidiary banks and nonbank lending subsidiaries, including analyses of data reported by National City under the Home Mortgage Disclosure Act ("HMDA")<sup>9</sup> and the branch closing policies of National City. The Board found the records in each proposal to be consistent with approval. <sup>10</sup>

The commenter reiterated the concerns it expressed in the Allegiant and Provident proposals about National City's home mortgage lending operations, including the subprime lending activities of First Franklin Financial Corporation, San Jose, California ("First Franklin"), a subsidiary of National City Bank of Indiana, Indianapolis, Indiana ("NC Indiana"). In commenting on this proposal, the commenter asserted, based on its analysis of data reported by National City

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<sup>&</sup>lt;sup>9</sup> 12 U.S.C. § 2801 et seq.

<sup>&</sup>lt;sup>10</sup> See Allegiant Order and Provident Order.

under HMDA for the Canton, Ohio, Metropolitan Statistical Area ("MSA") ("Canton MSA"), that National City engages in discriminatory treatment of minorities in its home mortgage lending operations.

## A. CRA Performance Evaluations

As provided in the CRA, the Board has evaluated the convenience and needs factor in light of the evaluations by the appropriate federal supervisors of the CRA performance records of the relevant insured depository institutions. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.<sup>11</sup>

As noted, the Board has recently reviewed the CRA performance records of the subsidiary insured depository institutions of National City. <sup>12</sup> At their most recent CRA evaluations by the Office of the Comptroller of the Currency ("OCC"), National City Bank, Cleveland ("NC Bank"), National City's largest subsidiary bank as measured by total deposits, received an "outstanding" rating, and NC Indiana, National City's largest subsidiary bank as measured by total assets, received a "satisfactory" rating. <sup>13</sup> In addition, The Provident Bank, Cincinnati, Ohio, which National City recently acquired, received an "outstanding" rating by the Federal Reserve Bank of Cleveland ("Reserve Bank") at its most recent CRA evaluation. <sup>14</sup> National City's five other subsidiary banks received

<sup>11</sup> <u>See Interagency Questions and Answers Regarding Community Reinvestment,</u> 66 <u>Federal Register</u> 36,620 and 36,639 (2001).

<sup>&</sup>lt;sup>12</sup> See Allegiant Order and Provident Order.

<sup>&</sup>lt;sup>13</sup> Both ratings are as of February 22, 2000.

<sup>&</sup>lt;sup>14</sup> The rating was as of March 29, 2004.

either "outstanding" or "satisfactory" ratings at their most recent CRA evaluations. <sup>15</sup>

The most recent CRA evaluations of NC Bank and NC Indiana were discussed in the <u>Allegiant</u> and <u>Provident Orders</u>. Based on a review of the record in this case, the Board hereby reaffirms and adopts the facts and findings detailed in those orders concerning National City's CRA performance record.

As discussed in the previous orders, the most recent CRA evaluation of NC Bank characterized the bank's overall record of home mortgage and small business lending as excellent and commended its level of community development lending. Examiners noted favorably the use of several flexible lending products designed to address affordable housing needs of LMI individuals and commended the bank's level of qualified investments. In addition, examiners reported that NC Bank's community development services were excellent and praised the distribution of the bank's branches.

At NC Indiana's most recent CRA performance evaluation, examiners commended the bank's record of home mortgage lending to borrowers of different income levels and its community development lending. NC Indiana's most recent evaluation also commended the bank's strong level of qualified investments and

<sup>15</sup> Appendix C lists the most recent CRA ratings of National City's subsidiary banks, including the recently acquired Allegiant Bank, St. Louis, and Provident Bank.

<sup>&</sup>lt;sup>16</sup> See Allegiant Order and Provident Order. In evaluating the records of performance under the CRA of NC Bank and NC Indiana, examiners considered home mortgage loans by certain affiliates in the banks' assessment areas. The loans reviewed by examiners included loans reported by National City Mortgage Corporation, Miamisburg, Ohio ("NC Mortgage") (a subsidiary of NC Indiana); National City Mortgage Services, Kalamazoo, Michigan ("NC Mortgage Services") (a subsidiary of National City Bank of the Midwest, Bannockburn, Illinois); and other bank and nonbank affiliates of NC Bank.

characterized the distribution of the bank's branches throughout its assessment area, including LMI geographies, as excellent.

The Board also carefully reviewed the CRA performance records of Wayne's subsidiary banks at their most recent CRA performance evaluations. Wayne Bank received a "satisfactory" rating by the OCC, and SB&T received an "outstanding" rating by the Reserve Bank. Examiners stated that Wayne Bank's level of overall lending reflected excellent responsiveness to the credit needs of the bank's assessment area. In addition, examiners characterized as excellent Wayne Bank's distribution of home purchase and home improvement loans to LMI borrowers and the bank's geographic distribution of home mortgage loans and small loans to businesses and farms. Examiners also determined that Wayne Bank's level of community development lending and investment was adequate, and they noted favorably the number of branches the bank had in moderate income geographies.

Examiners of SB&T characterized the distribution of the bank's consumer, home mortgage, and small business loans to borrowers of different

Wayne Bank was evaluated as of February 24, 2003. SB&T, the former Chippewa Valley Bank, Wadsworth ("Chippewa"), was evaluated as of April 7, 2003. On May 31, 2003, Wayne acquired Banc Services, Inc. and its subsidiary bank, Savings Bank & Trust, both in Orville, Ohio ("Old SB&T"). On July 1, 2003, Old SB&T was merged into Wayne's subsidiary bank, Chippewa, with Chippewa as the surviving bank, and renamed as Savings Bank & Trust. Old SB&T received a "satisfactory" rating from the Reserve Bank at its last CRA performance evaluation, as of April 9, 2001.

<sup>&</sup>lt;sup>18</sup> Small loans to businesses are loans with originated amounts of \$1 million or less that are either secured by nonfarm or nonresidential real estate or classified as commercial and industrial loans. Small loans to farms are loans with originated amounts of \$500,000 or less that are either secured by farmland or classified as loans to finance agricultural production and other loans to farmers.

income levels as excellent throughout its assessment areas.<sup>19</sup> They commented that the bank's geographic distribution of loans in different census tracts was more than reasonable, as was its lending distribution among individuals of different income levels and among businesses and farms of different annual revenue levels.

## B. HMDA Data, Subprime Lending, and Fair Lending Record

The Board has carefully considered the lending record and HMDA data reported by National City in light of the public comment received on this proposal. Based on a review of National City's HMDA data in the Canton MSA for 2002, the commenter reiterated its contentions in the Allegiant and Provident proposals that National City's lending operations were organized to direct First Franklin's higher-priced loans disproportionately to minority and LMI borrowers and in LMI and predominantly minority communities, as compared with the other subsidiaries of National City engaged in home mortgage lending, including National City's subsidiary banks, NC Mortgage, and NC Mortgage Services (collectively, "National City Lenders"). <sup>20</sup>

As noted in the <u>Allegiant</u> and <u>Provident Orders</u>, the Board reviewed HMDA data reported by all of National City's subsidiary bank and nonbank lending subsidiaries in the MSAs that comprise the banks' major assessment areas. The analyses included a comparison of the HMDA data of First Franklin with

<sup>&</sup>lt;sup>19</sup> The commenter criticized Old SB&T for denying 100 percent of its applications for home purchase loans by borrowers in LMI census tracts in the Canton MSA in 2002. As noted, Wayne did not acquire Old SB&T until 2003 and Wayne's subsidiary banks did not have branches in the Canton MSA in 2002.

<sup>&</sup>lt;sup>20</sup> The commenter asserted that First Franklin made more home purchase loans to African Americans in the Canton MSA than NC Bank or NC Mortgage. The commenter also criticized National City for the number of denials of home improvement loan applications by African Americans in the Canton MSA by

combined data submitted by the National City Lenders.<sup>21</sup> The Board concluded that the 2002 HMDA data did not support the contention that National City disproportionately directed First Franklin's loans to minority and LMI borrowers or in LMI and predominantly minority communities as compared with the National City Lenders. Moreover, the Board concluded that denial disparity ratios of the National City Lenders for African-American and Hispanic applicants for total HMDA-reportable loans were generally comparable with or lower than those of aggregate lenders in a majority of the MSAs reviewed.<sup>22</sup> Based on its review of the record in this case, the Board hereby reaffirms and adopts the HMDA analyses detailed in the Allegiant Order and the Provident Order.

The Board's review of the final 2003 HMDA data of First Franklin. the National City Lenders, and the aggregate lenders in the MSAs previously reviewed and in the Canton MSA supports the Board's conclusions in those orders. The National City Lenders made more HMDA-reportable loans to African-American borrowers than did First Franklin in the Canton MSA. In addition, the percentage of total HMDA-reportable loans that the National City Lenders made to African-American borrowers in the Canton MSA was comparable with the

NC Bank compared to the number of home purchase loans originated by First Franklin in the same area.

<sup>&</sup>lt;sup>21</sup> In evaluating the Allegiant and Provident proposals, the Board analyzed HMDA data for 2001 and 2002 for the National City Lenders, First Franklin, and the aggregate of lenders ("aggregate lenders") in the areas reviewed and preliminary 2003 HMDA data for the National City Lenders. In this context, the lending data of the aggregate lenders represent the cumulative lending for all financial institutions that reported HMDA data in a given area.

<sup>&</sup>lt;sup>22</sup> The total HMDA-reportable loans include home purchase, home refinance, home improvement, and multifamily residential loans. The denial disparity ratio equals the denial rate for a particular racial category (for example, African Americans) divided by the denial rate for whites.

aggregate lenders. Furthermore, the denial disparity ratios of the National City Lenders for African-American and Hispanic applicants for total HMDA-reportable loans in the Canton MSA approximated or were lower than those of the aggregate lenders in 2003.

The Board recognizes that HMDA data alone provide an incomplete measure of an institution's lending in its community because these data cover only a few categories of housing-related lending and provide only limited information about covered loans. Because of the limitations of HMDA data, the Board has considered these data carefully in light of other information, including examination reports that provide on-site evaluations of compliance with fair lending laws by National City's banks and their lending subsidiaries, including First Franklin.

As noted in the <u>Allegiant</u> and <u>Provident Orders</u>, examiners found no evidence of prohibited discrimination or other illegal credit practices at any of National City's subsidiary banks or the banks' lending subsidiaries at their most recent CRA performance evaluations.

The record also indicates that National City has taken several affirmative steps to ensure compliance with fair lending laws. National City has a centralized compliance function and has implemented corporate-wide compliance policies and procedures to help ensure that all National City business lines, including those of First Franklin, comply with all fair lending and other consumer protection laws and regulations. It employs compliance officers and staff responsible for compliance training and monitoring, and conducts file reviews for compliance with federal and state consumer protection rules and regulations for all product lines and origination sources, including First Franklin. National City also

regularly performs self-assessments of its compliance with fair lending law and provides training in fair lending policy for its employees.<sup>23</sup>

The Board also has considered the HMDA data in light of other information, including the CRA performance records of National City's and Wayne's subsidiary banks. These records demonstrate that National City and Wayne are active in helping to meet the credit needs of their entire communities.

## C. Conclusion on Convenience and Needs Factor

The Board has carefully considered all the facts of record, including reports of examination of the CRA records of the institutions involved, information provided by National City, a public comment on the proposal, and confidential supervisory information. <sup>24</sup> The Board notes that the proposal would allow National City to provide a broader range of products and services to Wayne's customers. Moreover, Wayne's customers would have access to an expanded

The commenter also reasserted criticisms raised in the Allegiant and Provident proposals that National City pays loan brokers yield-spread premiums and does not have a program for referring to the National City Lenders loan applicants of First Franklin who qualify for credit from those affiliates. As noted in the Provident Order, National City has represented that all loan applicants are evaluated individually on their credit qualifications and the loans they receive are based on those qualifications. Moreover, National City has a substantial compliance program in place to ensure that First Franklin and the National City Lenders do not engage in abusive lending practices. The Board also notes that the payment of yield-spread premiums to brokers is not a prohibited practice.

<sup>&</sup>lt;sup>24</sup> The commenter voiced again a criticism it raised in the Provident proposal about National City's funding of third-party consumer lending operations, including payday lenders, pawn shop operators, and rent-to-own businesses. National City has represented that its credit evaluations of these types of lenders include, as applicable, the customer's reputation and adherence to applicable law, including the Fair Debt Collection Practices Act. Moreover, National City has represented that it monitors those borrowers' compliance with industry best

network of branch offices and automated teller machines. Based on a review of the entire record, and for the reasons discussed above and in the <u>Allegiant</u> and <u>Provident Orders</u>, the Board concludes that considerations relating to the convenience and needs factor, including the CRA performance records of the relevant depository institutions, are consistent with approval.

## Nonbanking Activities

National City also has filed a notice under sections 4(c)(8) and 4(j) of the BHC Act to acquire Access Financial, Massillon, Ohio, a Wayne subsidiary that engages in consumer lending activities. The Board has determined by regulation that making, acquiring, brokering, or servicing loans is permissible for bank holding companies under the Board's Regulation Y,<sup>25</sup> and National City has committed to conduct this activity in accordance with the Board's regulations and orders for bank holding companies engaged in these activities.

To approve the notice, the Board must determine that National City's acquisition of Access Financial and the performance of the proposed activities "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." As part of its evaluation of these factors, the Board has considered the financial and managerial resources of National City, its subsidiaries, and the company to be acquired, and the effect of the proposed transaction on those resources. For the reasons noted

practices through due diligence, including "blind shopping" programs and interviews with management.

<sup>&</sup>lt;sup>25</sup> See 12 C.F.R. 225.28(b)(1).

<sup>&</sup>lt;sup>26</sup> See 12 U.S.C. § 1843(j)(2)(A).

above, and based on all the facts of record, the Board concludes that financial and managerial considerations are consistent with approval of the notice.

The Board also has considered the competitive effects of National City's proposed acquisition of Access Financial in light of all the facts of record. Access Financial engages in consumer lending through one office in the Akron banking market, and National City engages in consumer lending through its subsidiary banks in that market. The record in this case indicates that there are numerous providers of consumer lending services in the Akron banking market and that the market for this service is unconcentrated. Accordingly, the Board concludes that National City's acquisition of Access Financial would not have a significantly adverse effect on competition in any relevant market.

The Board also has reviewed carefully the public benefits of the proposed acquisition of Access Financial. The proposal would allow National City to provide an expanded array of consumer loan products and services to customers of Access Financial. Based on these and other matters discussed in this order, as well as all the facts of record, the Board has determined that consummation of the proposal can reasonably be expected to produce public benefits that would outweigh possible adverse effects under the standard of review set forth in section 4(j)(2) of the BHC Act.

#### Conclusion

Based on the foregoing and all the facts of record, the Board has determined that the application and notice should be, and hereby are, approved. In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act and other applicable statutes. The Board's approval is specifically conditioned on compliance by National City with the conditions imposed in this order and the commitments made to the Board in connection with the application and notice, including compliance

with state law. The Board's approval of the nonbanking aspects of the proposal is also subject to all the conditions set forth in Regulation Y, including those in sections 225.7 and 225.25(c) (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with and to prevent evasion of the provisions of the BHC Act and the Board's regulations and orders issued thereunder. For purposes of these actions, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decisions and, as such, may be enforced in proceedings under applicable law.

The acquisitions of Wayne Bank and SB&T shall not be consummated before the fifteenth calendar day after the effective date of this order, and no part of the proposal shall be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or the Reserve Bank, acting pursuant to delegated authority.

By order of the Board of Governors, <sup>27</sup> effective August 31, 2004.

Robert deV. Frierson
Deputy Secretary of the Board

<sup>&</sup>lt;sup>27</sup> Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.

#### APPENDIX A

## Ohio Banking Market Definitions

#### Akron

Summit County, excluding the townships of Sagamore Hills, Northfield Center, Twinsburg, Richfield, Boston, and Hudson; Portage County, excluding the townships of Aurora, Streetsboro, Mantua, Hiram, Nelson, Shalersville, Freedom, and Windham; the townships of Homer, Harrisville, Westfield, Guilford, Wadsworth, and Sharon in Medina County; Lawrence township and the western half of Lake township in Stark County; and the townships of Milton and Chippewa in Wayne County.

#### Canton

Stark County, excluding Lawrence township and the western half of Lake township; Carroll County; the township of Smith in Mahoning County; and the townships of Lawrence and Sandy in Tuscarawas County.

#### Cleveland

Cuyahoga, Lake, Lorain, and Geauga Counties; the townships of Sagamore Hills, Northfield Center, Twinsburg, Richfield, Boston, and Hudson in Summit County; Medina County, excluding the townships of Homer, Harrisville, Westfield, Guilford, Wadsworth, and Sharon; the townships of Aurora and Streetsboro in Portage County; and the city of Vermillion in Erie County.

# Dover-New Philadelphia

Tuscarawas County, excluding the townships of Lawrence and Sandy; the townships of Monroe, North, Franklin, Stock, Washington, Nottingham, Freeport, and Moorefield in Harrison County; and the townships of Salt Creek, Paint, Berlin, Walnut Creek, and Clark in Holmes County.

#### APPENDIX B

# Ohio Banking Markets in which National City and Wayne Compete Directly

#### Akron

National City operates the third largest depository institution in the Akron banking market, controlling \$1 billion in deposits, which represents 13 percent of market deposits. Wayne operates the 12<sup>th</sup> largest depository institution in the market, controlling \$138 million in deposits, which represents 1.8 percent of market deposits. On consummation of the proposal, National City would remain the third largest depository institution in the market, controlling deposits of \$1.1 billion, which represent approximately 14.7 percent of market deposits. The HHI would increase 46 points to 1,436. Twenty-six bank and thrift competitors would remain in the market.

#### Canton

National City operates the seventh largest depository institution in the Canton banking market, controlling \$226 million in deposits, which represents 4.7 percent of market deposits. Wayne operates the 13<sup>th</sup> largest depository institution in the market, controlling \$41 million in deposits, which represents less than 1 percent of market deposits. On consummation of the proposal, National City would remain the seventh largest depository institution in the market, controlling deposits of \$267 million, which represent approximately 5.6 percent of market deposits. The HHI would increase 8 points to 1,432. Eighteen bank and thrift competitors would remain in the market.

#### Cleveland

National City operates the second largest depository institution in the Cleveland banking market, controlling \$15.2 billion in deposits, which represents 25.6 percent of market deposits. Wayne operates the 31<sup>st</sup> largest depository institution in the market, controlling \$16 million in deposits, which represents less than 1 percent of market deposits. On consummation of the proposal, National City would remain the second largest depository institution in the market. The HHI would increase 2 points to 1,933. Thirty-five bank and thrift competitors would remain in the market.

## Dover-New Philadelphia

National City operates the sixth largest depository institution in the Dover-New Philadelphia banking market, controlling \$67 million in deposits, which represents 5.6 percent of market deposits. Wayne operates the 18<sup>th</sup> largest depository institution in the market, controlling \$7 million in deposits, which represents less than 1 percent of market deposits. On consummation of the proposal, National City would remain the sixth largest depository institution in the market, controlling deposits of \$73 million, which represent 6.2 percent of market deposits. The HHI would increase 6 points to 1,208. Twenty bank and thrift competitors would remain in the market.

APPENDIX C

CRA Performance Evaluations of National City

Subsidiary Bank	CRA Rating	Date	Supervisor
<ol> <li>National City Bank, Cleveland, Ohio</li> </ol>	Outstanding	February 2000	OCC
2. National City Bank of Indiana, Indianapolis, Indiana	Satisfactory	February 2000	OCC
3. The Madison Bank & Trust Company, Madison, Indiana	Outstanding	May 1999	FDIC
4. National City Bank of Kentucky, Louisville, Kentucky	Satisfactory	February 2000	OCC
5. National City Bank of the Midwest, Bannockburn, Illinois	Outstanding	February 2000	OCC
6. National City Bank of Pennsylvania, Pittsburgh, Pennsylvania	Outstanding	February 2000	OCC
7. National City Bank of Southern Indiana, New Albany, Indiana	Satisfactory	February 2000	OCC
8. The Provident Bank Cincinnati, Ohio	Outstanding	March 2004	Federal Reserve Bank of Cleveland